

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2185 - SB 2435

February 12, 2022

SUMMARY OF BILL: Deletes the prohibition for a person who has defaulted on an installment payment plan with the Department of Safety (DOS) from entering into any subsequent payment plans.

FISCAL IMPACT:

Increase State Revenue - \$252,700/FY22-23 and Subsequent Years

/Department of Safety

Assumptions:

- It is assumed that giving people additional opportunities to enter into a payment plan in order to reinstate a license or registration will result in an increase in state revenue to the DOS.
- The past three calendar year defaults are below:

Year	Payment Plans that Defaulted	Total Defaulted Value	Average Default per Plan
2019	1,033	\$ 617,763.04	\$ 598.03
2020	2,031	\$ 1,317,021.50	\$ 648.46
2021	830	\$ 645,894.45	\$ 778.19

- Calendar year 2020 information is not included in this analysis due the number of plans defaulted saw a significant increase which is assumed to be related to the COVID-19 pandemic and is not reflective of a typical year of plan defaults.
- The average annual total defaulted value is assumed to be \$631,829:

Year	Payment Plans that Defaulted	Total Defaulted Value	Average Default per Plan
2019	1,033	\$ 617,763.04	\$ 598.03
2021	830	\$ 645,894.45	\$ 778.19
Average	932	\$ 631,828.75	\$ 678.29

- It is unknown how many people who have previously defaulted will be able to repay their owed fees on subsequent payment plans, or what percentage of those fees they may

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repay. It is assumed that the proposed legislation will result in the DOS recouping 40 percent of the value of annual defaults.

- Therefore, the total recurring increase in state revenue to the DOS in recouped fees is estimated to be \$252,732 (\$631,829 x 40%) in FY22-23 and subsequent years.
- Based on information provided by DOS, the required changes to the A-List driver license program will cost approximately \$10,000. The increase can be accommodated under the existing contract maximum liability with the vendor without an increase to the maximum liability or contract allocation; therefore, no additional funds are needed.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/jj